



Chairman's AGM Presentation 26 November 2015



XTEK Limited (XTEK) is Australia's homeland security specialist, providing high-quality protective security, tactical and forensics solutions to the government, law enforcement, military and commercial sectors. The company is proud to provide a wide range of specialised homeland security products in the areas of EOD, forensics, high risk security solutions, weapons and ammunition.

Forward Looking Statements

This presentation includes forward-looking statements that are subject to many risks and uncertainties. The risks are discussed in XTEK's ASX announcements and risks associated with economic conditions, movement in exchange rates, industry risk as well as law, regulatory and policy risk. XTEK disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

Please read the displayed Forward Looking Statements Disclaimer

What we do

XTEK designs, makes, sells and supports specialist equipment and machinery to help protect and sustain Defence, police, security and other agencies. This is done through three key divisions:

- Agency Business
- Logistic Engineering
- Engineering Development:
XTEK Innovations



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XTEK designs, makes, sells and supports specialist equipment and machinery to help protect and sustain Defence, police, security and other agencies. This is done through three key divisions:

- An Agency Business – Weapons and ancillaries, Explosive Ordnance Disposal (EOD), High Risk Response (HRR), Forensics and Unmanned Aircraft Systems (UAS)
- Logistic Engineering – primarily for equipment sold through the Agency Business
- Engineering Development – new innovations, currently focused on composite manufacturing technology and processes and UAS sub-systems

4 Year Financial Trend

	FY 2012	FY 2013	FY 2014	FY 2015
Revenue from sales of goods and services \$'000	4,336	4,326	5,318	12,044
Gross profit from sales of goods and services \$'000	1,697	1,856	2,488	2,748
Gross profit %	39%	43%	47%	23%
Other income	151	5,070	391	588
Net profit \$'000	-1,087	-773	-223	231



XTEK has had year on year revenue growth, from \$4.52m in FY2012 to \$12.63m in FY2015

In FY15 the company achieved its first net profit in six years

At this time, based on forecast sales, the short term outlook (FY16) is unlikely to match FY15 revenue, and the planned investment on innovation and commercialisation activities may not deliver a net profit in FY16.

However, FY17 and onwards is very promising for higher revenues and net profits, which will come from particular Agency Business product lines and commercialisation of XTEK Innovations. These will be explained in more detail shortly.

Investment proposition

- XTEK has two cutting-edge innovations with large and global addressable markets

XTclave™

patented process to create advanced ballistic protection laminates and lightweight structural composites

XTatlas™

unique contextual real-time mapping solution currently under development

- Significant milestones and stock re-rating opportunities over next six months

As per Slide



Well Funded for the Future

- \$10m equity facility with Kentgrove Capital
- XTEK can raise cash by issuing shares to Kentgrove
- The capital raising is totally at XTEK's discretion
- Funds will be used to expand the business
- XTEK has no debt

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XTEK has secured a three-year \$10m equity facility with Kentgrove Capital that will keep it well funded over the coming years.
XTEK can raise cash by issuing shares to Kentgrove at a 5% discount to market price in tranches of between \$100K and \$500K.
The capital raising is totally at XTEK's discretion and the funds will be used to expand the business (including commercializing innovations, commercializing the UAS business and funding Merger & Acquisition opportunities).
XTEK has no debt



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XTEK has a number of new innovations



Made by XTEK

Australian made, worldwide potential



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XTEK Australian made products include hard armour protective insert plates for soldiers and law enforcement agencies using **XTclave™**

Weapon ancillaries – fabricated from metal, injection moulded and composite components

Unmanned Aircraft Systems: including multi-rotor, fixed wing and specialist sub-systems such as **XTatlas™**



XTclave™ – Game Changer



- ▶ a unique composite manufacturing solution
- ▶ stronger, lighter, stiffer and complex shaped composite items
- ▶ patented technology

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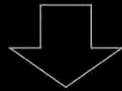


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XTclave™ is XTEK's unique, patented manufacturing technology that produces stronger, lighter, stiffer and often complex shaped composite items ideally suited for personal body armour, weapon components and aerospace parts.

XTclave™ – a unique solution

- **Problem** – need **stronger, lighter, stiffer** and often **complex shaped** parts

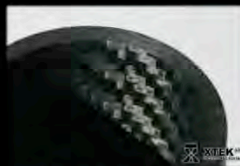


- **Solution:**

XTclave™



Soldier with Body Armour



Carbon fibre tube
fabrication



Carbon fibre weapon
components

Soldiers and police are always seeking lighter equipment without compromising personal protection and combat capability. Defence and Aerospace companies need **stronger, lighter, stiffer** and often **complex shaped** parts and components for a range of applications.

XTclave™ is a Composite Consolidation Technology (CCT) that uses circulating fluid at high temperature and high isostatic pressure to achieve excellent and even bonding in thermoset and thermoplastic based systems.

The XTclave™ CCT makes it possible to manufacture **stronger, lighter** and **stiffer** composite articles since the high magnitude of isostatic pressure can generate a fully dense composite with reduced resin ratio and higher fibre content.

XTclave™ allows carbon fibre composite parts to be processed under higher pressure, enabling the production of complex geometric shapes that can withstand extreme thermal loading.

XTEK holds an Australian and a US patent over the technology.



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PROTECT AND SUSTAIN

XTclave™ – a superior technology

XTclave™ demonstrates advantages over axial pressing and autoclave processes

Feature	Armour Piercing Threat Protection Insert Ceramic Tile with PE backing			NIJ III Protection Insert 100% PE	
	Axial Pressing	Autoclave	XTclave™	Axial pressing	XTclave™
High elastic work efficiency	✓	✗	✓	✓	✓
Stable and consistent lightweight structure	✓	✗	✓	✓	✓
Uniform consolidation pressure applied on curved surfaces (isostatic pressure)	✗	✓	✓	✗	✓
Produces homogeneous through-thickness composition	✗	✓	✓	✗	✓
Integrity and bonds all materials in a single shot	✗	✓	✓	✓	✓
Batch type manufacturing process	✗	✓	✓	✗	✓
Ability to sustain high production rates	✗	✗	✓	✗	✓
Significant improvement in consolidation pressure	✓	✗	✓	✓	✓
Efficiency in application of very high consolidation pressures	✗	NA	✓	✗	✓
Predefined control of internal backing adhesive thickness	✗	✓	✓	NA	NA
Ability to simultaneously bond a non-potential material to ceramic	✗	✓	✓	NA	NA
High heat conductive ratio (process)	✓	✗	✓	✓	✓
Adaptability to easily fabricate alternate geometries	✗	✓	✓	✗	✓
Reduced risk of air inclusion within laminate	✗	✓	✓	✗	✓
Small equipment footprint (per hour)	✗	✓	✓	✗	✓
Low capital cost per hour	✗	✓	✓	✗	✓
Reusable tooling	✗	✓	✓	✗	✓
Low energy consumption footprint	✗	✓	✓	✗	✓
Productivity (excludes energy of processing volume)	NA	✗	✓	NA	✓

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This table lists the key features of manufacturing hard armour protective insert plates.

The purpose of the table is to identify the advantages of the XTclave™ for manufacturing, over other alternatives such as axial pressing and autoclave processes.

US DoD FCT Program Funding

- ▶ US DoD Foreign Comparative Testing (FCT) Program – US\$1.5m
- ▶ **Purpose** - to develop advanced lightweight hard armour plate solutions using XTclave™



Personal hard armour protective plates



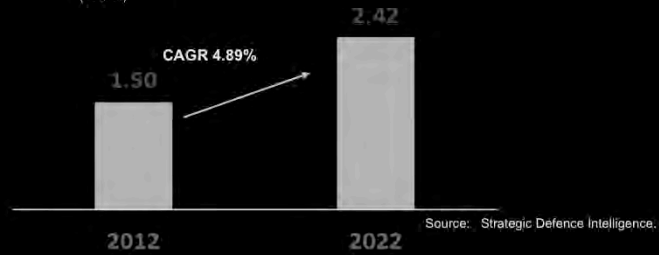
The US DoD FCT Program potentially validates the XTclave™ technology

In 2013 XTEK was awarded a US\$1.5m contract by the United States Department of Defense Foreign Comparative Testing (FCT) Program for the development of advanced lightweight hard armour plate solutions using XTclave™. The program will conclude over the coming months with final reports provided to the US Army by April 2016.

If successful, XTEK has the opportunity to be a key player in the supply of hard armour personal ballistic protection plates that may need to be replaced or issued to US defence, police, and security agencies.

Global Market

Global Body Armour and Personal Protection Market Spend
(US\$bn)



**Forecast
cumulative
spend**

2012-2022 **US\$19.4bn**

2017-2022 **US\$12.9bn**

The global market for body armour and personal protection equipment is estimated to grow from US\$1.5bn in 2012 to US\$2.42bn by 2022.
The Forecast cumulative spend between 2017 and 2022 is US\$12.9bn



US Market – US\$6.45bn

The US market accounts for ~50% of the global market

The personal protection hard armour
market ~34% of market



A US\$2.2bn market opportunity over
2017-2022

Also plan to investigate the protective headgear market – US\$1.48bn

<http://www.army-technology.com/features/featuredssi-sdi-global-body-armour-personal-protection-market/>

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The US body armour and personal protection market accounts for ~50% of the global market, making it the largest market in the world for high quality body armour plates and other personal protection requirements.

The armour and personal protection market consists of 3 categories:

- Soft armour (~43% of market)

- Hard armour (~34% of market)

- Protective headgear (~23% of market)

XTEK is focused on the personal protection hard armour market in the US, a US \$2.2bn market opportunity over 2017-2022

XTEK also plans to investigate the protective headgear market – US\$1.48bn

<http://www.army-technology.com/features/featuredssi-sdi-global-body-armour-personal-protection-market/>



US XTclave™ Business

- FCT project potentially validates XTclave™
- Joint venture / licensing with US manufacturers 2016
- Potential US XTclave™ manufacture from 2017
- Potential for other applications – helmets

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The FCT project ends in the coming months, hopefully validating the XTclave™ technology for the manufacture of lightweight personal hard armour plates. XTEK is well placed to negotiate joint venture and licensing agreements for US manufacturers in 2016.

Potentially, XTclave™ manufacture of hard armour protective plates could commence in the US from 2017.

Potential exists for other applications, such as helmets.



Australian XTclave™ Business

- ▶ XTclave™ plant in Adelaide
- ▶ Partners purchase or lease XTclave™ plants
- ▶ Revenue from the sale / lease of XTclave™ plants and royalties



The market for the XTclave™ business extends beyond hard armour

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XTEK will build and retain one XTclave™ plant in Adelaide as a bespoke manufacturing facility for:

Weapon Ancillaries

Select complex shaped components for Aerospace, Automotive and Marine

XTEK will also seek partners to purchase or lease XTclave™ plants for local manufacture – across various industry sectors and global markets

Revenue will come from the sale / lease of XTclave™ plants and royalties based on a percentage of Gross Revenue



XTatlas™ – What is it?

XTatlas™ is an XTEK UAS sub-system, providing UAS video feeds as a spatially accurate image over digital maps; and mosaic mapping from video

► The XTatlas™ digital imagery technology consists of:

- XTatlas™ Ground Station software
- XTatlas™ Command Post software
- Two XTEK developed UAS
- XTatlas™ compatible video feed payload.
- XTatlas™ Mosaic Live capability (Phase 2 Development)



XTatlas™ is a potentially disruptive game changer capability in the UAS market

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XTatlas™ is an XTEK UAS sub-system, providing UAS video feeds as a spatially accurate image over digital maps; and mosaic mapping from video in near real-time

The XTatlas™ digital imagery technology consists of the following building blocks:

XTatlas™ Ground Station software – sold with an XTEK UAS.

XTatlas™ Command Post software – up to 10 live video feeds.

Two XTEK developed UAS – a short range multi-rotor and a long range, long endurance fixed wing small UAS.

An XTEK developed standalone XTatlas™ compatible video feed payload.

XTatlas™ Mosaic Live capability – spatially accurate mapping (Phase 2 of development).



XTatlas™ – a unique solution

Contextual Video Feeds & Mosaic Mapping



XTatlas™ Contextual Video



XTatlas™
Mosaic Mapping

XTatlas™ aims to provide a solution to the above problems.

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Most UAS video feeds do not show the video image in context with a map in real-time; and are not capable of producing accurate mapping on the fly.

Video feeds are usually shown as the raw video out of context with the location and orientation.

Video location context has, to date, been restricted to showing the map coordinates with the video, but not in context with a map.

With post flight processing the video can be shown over the map, often hours after the actual capture.

Creation of accurate mapping from imagery is usually a post flight process; and difficult to generate, especially from video, without survey accurate ground control.



XAtlas™ provides the capability to see the video in context over a map in real-time. XAtlas can show the video over any digital mapping product, such as Google Maps in this example.




Often first responders and emergency services have poor mapping. Here we see the production of a new set of mapping produced from the video as a mosaic map, in near-real time.

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XTatlas™ – applications

Defence	Other
<ul style="list-style-type: none"> ▶ Intelligence, Surveillance and Reconnaissance (ISR), Target Acquisition and Combat Operations: ▶ Defence Aid to the Civil Community (DACC) and Defence Force Aid to the Civil Authorities (DFACA): 	<ul style="list-style-type: none"> ▶ Police / Law Enforcement ▶ State Emergency Services ▶ Utility, Mining and Resource Companies ▶ Agriculture / Farming



XTatlas™ has broad application potential for Defence and Commercial market sectors

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XTatlas™ applications include:

Defence:

Intelligence, Surveillance and Reconnaissance (ISR), Target Acquisition and Combat Operations:

Tactical UAS operated by Army and Naval units.

Strategic level UAS operated by Air Force and Navy.

Defence Aid to the Civil Community (DACC) and Defence Force Aid to the Civil Authorities (DFACA):

Counter Terrorism / Homeland Security.

Emergency Services – flood, fire, environmental.

Other applications:

Police / Law Enforcement

State Emergency Services

Utility, Mining and Resource Companies

XTatlas™ – Commercialisation



XTatlas™ is being developed for potential use with any UAS

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XTatlas™ has been developed as a proof of concept system and is ready for further development and commercialisation through FY16, with revenue likely from the sale of systems and sub-systems from 2016.

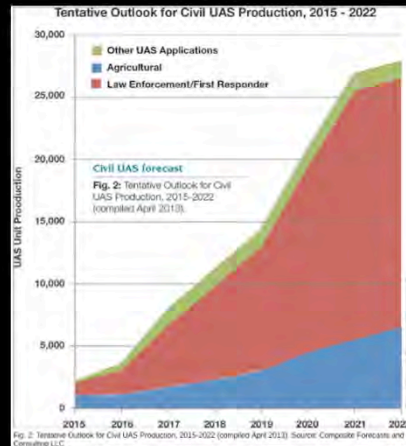
XTEK will build and test a multi-rotor and a fixed wing UAS as part of the commercialisation.

If successful, XTEK has the opportunity to be a key supplier of XTatlas™ UAS, sub-systems and software for Defence and Commercial applications.

UAS market – Forecasts

- The global market US \$6.76bn in 2014 to US\$10.57bn by 2020
- The global market for Commercial UAS is US\$1.27bn by 2020.

Source: MarketsandMarkets.com



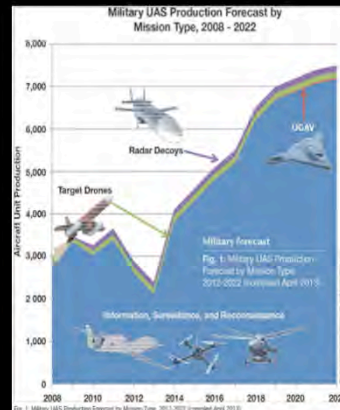
Source: MarketsandMarkets.com.

The global market for UAS is estimated to grow from US\$6.76bn in 2014 to US\$10.57bn by 2020 – a CAGR of 7.73%.

The global market for Commercial UAS is estimated to grow to US\$1.27bn by 2020 – a CAGR of 109.3% and 12% of the total UAS market. Source: MarketsandMarkets.com

UAS Military & Civil

- Military growth from 4,500 units in 2015 to 7,000 in 2020.
- Civil production growth approximately 2,500 units in 2015 to over 20,000 units in 2020.



The production of UAS for the Military is forecast to grow from 4,500 units in 2015 to 7,000 in 2020.

The Civil UAS production is forecast to grow from approximately 2,500 units in 2015 to over 20,000 units in 2020.



► XTEK will also build and sell XTatlas™ capable UAS.

UAS market – XTatlas™

XTEK is focused on providing XTatlas™ to the Defence and Commercial UAS markets, a multi-million \$ market opportunity over the period 2016-2020

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XTEK is focused on providing XTatlas™ to the Defence and Commercial UAS markets, a multi-million \$ market opportunity over the period 2016-2020.

Revenue will come from:

- XTatlas™ software sales
- XTatlas™ UAS sales

XTEK intends to partner with multiple UAS suppliers to integrate XTatlas™ into their systems and also build and sell XTEK XTatlas™ capable UAS



UAS Business Revenue Streams

- AeroVironment Agency Account
- XTatlas™ digital imagery technology
- UAS Services



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UAS business revenue streams will come from the AeroVironment Agency Account XTatlas digital imagery technology and UAS Services, primarily logistics engineering, mapping and training.



AeroVironment

- Has supplied 85% of Pentagon UAS fleet
- Delivered more than 24,000 small unmanned aircraft worldwide
- Sold a number of small UAS to the Australian military and law enforcement agencies
- Further potential for more sales to the Australian military and law enforcement agencies over the next few years



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Further potential exists for more sales to the Australian military and law enforcement agencies over the next few years

XTEK UAS Services

- Logistics Engineering
- Mapping and Imaging support
- Training:
 - Flights for Mapping
 - XTatlas™
 - Agisoft software



XTEK UAS Services will cover Logistics Engineering, including maintenance, repair and engineering;
Mapping and Imaging support to state emergency services and utility companies;
and
Training, including flying to capture still photography and video for mapping;
XTatlas hardware and software; and using Agisoft software to generate maps and 3D models.

Blaser Chassis



This slide shows the bespoke chassis for the Blaser Tactical 2 Long Range Weapon System, now in service with the Australian Army. The weapon system has an ambidextrous folding rear-section and captivates a closed bolt handle, reducing system bulk. The chassis incorporates traditional in-house CNC machining, injection moulding and XTclave™ components that offer increased strength and stiffness. Further sales to Australian Army are expected.



Product Lines expanded

- IDenta Corp
- Kirintec
- SCG Canada Inc.
- ADF Solutions
- Crossmatch
- Swift Radioplanes
- iSSUK
- SAN Challenging Engineering
- Simmersion Holdings



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Recent XTEK expansion of product lines include:

IDenta Corp, based in Israel, that manufactures and markets a range of forensic products, including field kits for the identification of illicit drugs and explosives.

Kirintec, A UK based company, that manufactures and markets a range of security and defence counter-terrorism solutions, specialising in Explosive Ordnance Disposal and Electronic Counter Measures.

SCG Canada Inc that manufactures and markets the Covert Forensic Imaging Device, that collects digital media in the field.

Advanced Digital Forensic Solutions, Inc. (ADF Solutions), a US company, providing digital forensic triage tools used for scanning computers and devices quickly to search and collect critical information and evidence.

Crossmatch, a US company, that provided biometric identity management solutions

Swift Radioplanes, a US company, that manufactures and markets the **Lynx** fixed wing small UAS, primarily for aerial photomapping.

infrared Security Solutions (UK) Ltd ("iSSUK") a privately owned UK company, specialising in the development, manufacture and distribution of thermal Imaging Systems and night vision products

SAN Challenging Engineering, an Israeli engineering company focused on hydraulic rescue tools, mechanical and power systems.

Simmersion Holdings an Australian company specialising in 3D modelling and simulation, primarily for urban planning visualisation of new developments in city centres.

Conclusion

- Two company-making milestones in next six to nine months: Commercialization of XTatlas™ and validation of XTclave™ technology by US DoD
- XTatlas™ and XTclave™ have huge global applications
- FY15 was an Inflection Point for XTEK with improving revenue and profitability
- Well funded for the future with \$10m call facility
- Significant potential for future UAS sales in Australia
- Undervalued share price

XTEK has a bright future with good anticipated sales growth from agency sales and the commercialisation of new innovations. This growth is expected starting in FY17.

- We expect two company-making milestones within the next 12 months:
Commercialization of XTatlas™ and validation of XTclave™ technology by the US DoD
- XTatlas™ and XTclave™ have huge global applications
- FY15 was an Inflection Point for XTEK with improving revenue and profitability
- XTEK is well funded for the future with a \$10m call facility
- Significant potential exists for future UAS sales in Australia
- XTEK currently has an undervalued share price

Questions



We trust you have enjoyed this update on XTEK Ltd.
We would be pleased to answer any questions you may have.